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RUEKJCS/SECDEF WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 ULAANBAATAR 000472

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SUBJECT: DIVISIONS WIDENING WITHIN RULING MONGOLIAN
PEOPLE'S REVOLUTIONARY PARTY

REF: ULAANBAATAR 425

Classified By: Ambassador Mark Minton for Reason 1.4 (d).

¶1. (C) SUMMARY: Seven weeks after Mongolia's coalition government easily survived a no-confidence vote, divisions appear to be widening within the coalition-leading Mongolian People's Revolutionary Party (MPRP). Many MPRP Parliamentarians acknowledge that their party's popularity is waning, and that party reformists have forced a change in the party's charter to allow for a second MPRP Congress within a four-year period. One is planned for September, and reformists say they will use it push for sweeping changes, including to the party's name, ideology, structure and bylaws. At the annual MPRP conference from August 4-6, reformists took aim at Prime Minister and party chief Enkhbold, urging that the party's top position and the prime ministership be held by different people. (A decision on that will likely be made at September's Congress.) Some MPRP stalwarts downplay the talk of deepening fissures within the party, saying differences have been exaggerated by the opposition Democratic Party and that debate is not only healthy but democratic. But others in the MPRP concede that the party has an image problem and could lose the June 2008 election. That said, it would be a mistake to start writing off the MPRP, which has proven, if anything, its survival skills. END SUMMARY.

¶2. (C) Divisions within the MPRP, the largest and senior player in the four-party ruling coalition, appear to be widening, and MPRP reformists are calling for key changes in the way the former communist party operates. Vice Speaker and MPRP Caucus Head D. Idevkhten told E/P Chief on August 15 that reformists had pushed through changes to the party charter, enabling the MPRP Congress to be held up to two times in every four-year period, rather than once. He said a party Congress is planned for September, adding that reformists will use the occasion to press the MPRP to change its name and ideology. Another influential MPRP Parliamentarian, Zandanshatar, head of the party's youth wing, told us on August 9 that participants in the MPRP's annual party conference, held August 4-6, identified five points for possible change: the party's name, ideology, program, conduct and bylaws. Zandanshatar said younger MPRP members are demanding a greater say in how the party is run, and are critical of the low level of participation by ordinary

citizens in the political process.

NAME OF THE GAME

13. (C) Idevkhten said the name-change idea is nothing new and that members have long argued that the "Revolutionary" in Mongolian People's Revolutionary Party moniker is out of step with an organization that now likens itself to Britain's Labor Party or Germany's Social Democrats. Zandanshatar said other names being considered include the "Labor Party," the "Mongolian Democratic Development Party" and the "Socially Oriented Democratic Party." Another MPRP heavyweight, former Foreign Minister Munkh-Orgil, who heads the Parliament's Legislative Standing Committee, told us on August 10 that some MPRP members want to change the party's name now, while others favor after the June 2008 election or in 2009. Others, he said, oppose any name change.

OTHER PARTIES: MPRP IN TROUBLE...

14. (C) Key members of other parties feel that the MPRP has stumbled and is approaching the run-up to elections from a position of weakness. Erdenebaatar, Secretary of the Motherland Party and Environment Minister, told us on August 13 that he is "certain" that the MPRP will not win a majority of Parliamentary seats in the next election. The head of the Citizens' Will party, Oyun, told us on August 13 that if the election were held today, the opposition Democratic Party would win, due to broad public frustration

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over MPRP governance. People's Party chief Gundalai told us on August 8 that the MPRP is corrupt to the core, with key officials accepting "donations" from business tycoons who are then able to somehow avoid paying income taxes. Democratic Party (DP) MP Sairaan told us on August 9 that the MPRP has a major image problem and is unpopular, and that if the DP "doesn't make any big mistakes, I think we'll come to power in the next election."

... BUT MPRP SAYS CRITICS MISS THE POINT

15. (C) Many MPRP Parliamentarians concede that their party has made its share of recent missteps but say it remains the powerhouse of Mongolian politics. Said Munkh-Orgil, the Standing Committee Chief: "We've made some mistakes in terms of personnel choices and policy priorities, but I'm convinced that if we can show our true self to voters, we can do well in June 2008... That said, we suffer from an image problem, and I wouldn't rule out the possibility of us being defeated." Zandanshatar, the MPRP youth leader, said Mongolia's young people are not happy with the status quo. He said the MPRP is looking at ways to change how it operates, adding that reformists within the party are "trying to reduce the role of one or two senior decision makers, so that younger MPRP members get more of a say, in matters such as nominating candidates." Idevkhten, the Vice Speaker of Parliament, said all the talk that the MPRP is divided misses the point. "The fact that we have differences, and address those differences, shows that the MPRP is undergoing healthy change, becoming more democratic and transparent. What the DP says about the MPRP collapsing is not true. We were Mongolia's first party in 1921 and we will be around for a long time to come."

COMMENT

16. (C) The emotionally charged issue of development of the Oyu Tolgoi copper/gold deposit (reftel) has hurt the MPRP's popularity. Various NGOs and opposition elements have

whipped up nationalist anger over what they view as a lopsided deal that sells the Mongolian people short. Some DP members who have mining interests with foreigners have been quick to echo the populist critics to score points against the MPRP. Lawmakers' failure to make a decision on the investment agreement between the GOM and Ivanhoe/Rio Tinto has pleased almost no one - not the deal's critics, who want it scrapped, nor its supporters, who have little hope that a vote on the agreement will occur this session.

17. (C) Of the three main factions within the MPRP, the party reformists, led by Education Minister Enkhtuvshin, appear to be gaining ground, mainly at the expense of the faction linked with President Enkhbayar. (The other faction is affiliated with PM Enkhbold, a wealthy businessman.) That the MPRP rank and file accepted the reformists' demand for a secondary Party Congress suggests that many in the MPRP recognize that the party is currently out of favor, and that without major changes, the June 2008 election might not go their way. However, it would be a mistake to start writing off the MPRP, which remains the country's largest and most powerful party, has all the powers of incumbency, and is backed by most of the openly partisan civil servants. We note as well that the MPRP has suffered weak popularity before only to surge again at election time, using party discipline and its advantages as incumbent to prevail.

MINTON